



City of Culver City

Mike Balkman Council
Chambers
9770 Culver Blvd.
Culver City, CA 90232

Staff Report

File #: 22-994, **Version:** 1

Item #: C-13.

CC - CONSENT ITEM: Approval of an Agreement with e-Mission Control for Transaction and Management Services for Credits under the California Low Carbon Fuel Standard (LCFS) Program for a Two-Year Period with Three One-Year Extension Options, in a Total Amount Not-to-Exceed \$185,000 (\$105,106 Base Cost Consisting of \$25,889 for the Initial Two-Year Term Plus \$79,217 in Total for Three One-Year Extension Options; Plus \$79,894 Contingency Authority).

Meeting Date: May 9, 2022

Contact Person/Dept: Allison Cohen/Transportation

Phone Number: (310) 253-6530

Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☐ No ☒

Attachments: Yes ☐ No ☒

Commission Action Required: Yes ☐ No ☒ **Date:** N/A

Public Notification: (E-Mail) Meetings and Agendas - City Council (05/04/2022)

Department Approval: Rolando Cruz, Chief Transportation Officer (04/28/2022)

RECOMMENDATION

Staff recommends the City Council approve a professional services agreement with e-Mission Control for a term of two years with three one-year options to provide for transaction and management services for credits under the California Low Carbon Fuel Standard (LCFS) program in an amount not-to-exceed \$185,000 (\$105,106 base amount, consisting of \$25,889 for the initial two-year term plus \$79,217 in total for three one-year extension options; plus \$79,894 in contingency authority).

BACKGROUND/DISCUSSION

The California Air Resources Board (CARB) developed the LCFS program in compliance with AB 32 (the Global Warming Solutions Act of 2006) to reduce the carbon intensity of transportation fuels used in California thereby reducing greenhouse gas (GHG) emissions in California's transportation sector. Under this program, each metric ton of CO₂ reduced generates one LCFS credit. The Transportation Department's four battery electric buses can generate credits under this program, as will other clean fuel generation units like additional City-owned electric vehicle charging stations and solar photovoltaic systems. The City must register these assets with CARB and meet regular reporting requirements. Once credits are generated, the City will market and sell them to credit buyers. These credits are intended to be sold to providers of transportation fuel in the state.

On March 10, 2022, the City released RFP 2247 for LCFS Third Party Credit Management Services. Proposals were due by March 31, 2022 and a total of four responsive proposals were received from the following proposers:

- Energy Mission Control dba e-Mission Control
- Gladstein, Neandross & Associates LLC
- Sol Systems, LLC
- SRECTrade Inc.

An Evaluation Committee comprised of Culver City staff reviewed all proposals submitted in response to the solicitation. The committee evaluated each proposal based on several criteria including qualifications and experience, response to the scope of services requested, proposed fees, and references. Based on staff's evaluation of the proposers' experience, ability, and overall value to the City of Culver City for this project, staff recommends awarding an agreement to e-Mission Control as the best qualified firm for LCFS Credit Management Services.

e-Mission Control has strong existing relationships with CARB and other federal, state, and regional agencies, an easy-to-use reporting platform, and a marketplace to manage the City's small amount of credits efficiently. e-Mission Control also has a documented zero-carbon intensity electricity pathway with CARB. This is accomplished by purchasing Renewable Energy Credits (RECs) at a cost of about \$0.02 per kilowatt hour and pairing them with generated LCFS credits. As the City adds more clean fuel generation units (vehicles or solar), e-Mission Control will add them to the City's credit generators. Under this proposed agreement, e-Mission Control will assume the program's administrative burden on behalf of the City of Culver City. They will register the City's credit-generating assets with CARB, meet the reporting requirements, purchase RECs to pair with the generated LCFS credits, and manage the sale of credits.

FISCAL ANALYSIS

For the initial two-year term, and for the subsequent three one-year options, e-Mission Control is proposing a 95%/5% financial model whereby e-Mission Control would collect 5% of the credit revenue generated. Credit revenue will be determined by (1) the number of credits generated by the City of Culver City, (2) the purchase price of RECs which will be determined by working with the Clean Power Alliance to leverage existing renewable resources wherever feasible, and (3) the LCFS credit market. Based on these factors, staff anticipates that this agreement will result in approximately \$2 million in net revenue for the City throughout the duration of the five-year term.

e-Mission Control operates on a net-back model and will collect its LCFS Broker Fees when the credits are transacted.

ATTACHMENTS

None

RECOMMENDED MOTIONS

That the City Council:

1. Approve a two-year agreement with e-Mission Control for transaction and management services for credits under the California Low Carbon Fuel Standard (LCFS) program it an amount not-to-exceed \$25,889; and,
2. Authorize the City Manager to approve three additional one-year options in a total amount not-to-exceed \$79,217;
3. Authorize the City Manager to approve amendment(s) to the agreement in an additional amount not to exceed \$79,894 for unexpected costs;
3. Authorize the City Attorney to review/prepare the necessary documents; and,
4. Authorize the City Manager to execute such documents on behalf of the City.